

Without objection, it is so ordered.

RECESS

The PRESIDING OFFICER. Without objection, the Senate stands in recess until 3 p.m.

There being no objection, at 2:38 p.m., the Senate recessed until 2:59 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. HUTCHINSON).

The PRESIDING OFFICER. The Senator from Maine is recognized.

Ms. COLLINS. Mr. President, I thank you for your graciousness in allowing me to precede you on the Senate floor this afternoon. It is typical of my friend's graciousness and friendship. I appreciate it.

SENIOR CITIZENS FREEDOM TO WORK ACT

Ms. COLLINS. Mr. President, Americans today are leading healthier and longer lives than ever before. By the year 2030, one-fifth of our American population will be age 65 or older. Given the demographics of the 21st century, it is clearly in our national interest to encourage people to stay in the workforce longer. Today, however, older Americans age 65 through 69 are currently discouraged from working since they lose \$1 in Social Security benefits for every \$3 they earn over \$17,000. I am, therefore, very pleased this week the Senate will consider H.R. 5, the Senior Citizens Freedom to Work Act, to eliminate the Social Security earnings test that unfairly penalizes senior citizens who need or want to keep working.

The elimination of this penalty will be particularly helpful to women. Women frequently have interrupted work histories because they take time off to raise their families. Historically, unfortunately, they also earn less than men. As a result, women are twice as likely to retire in poverty as men. Many women do not have sufficient savings or a private pension, and they depend upon the money they earn to supplement their Social Security benefits in order to make ends meet. These low-income seniors are particularly hard hit by the earnings test, which amounts to a 33-percent tax on their earned income over and above what they are already paying in Federal, State, and Social Security payroll taxes.

Moreover, the Social Security earnings penalty takes money away from seniors that is rightfully theirs. According to the Social Security Administration, 800,000 senior citizens sacrificed some of their benefits last year by exceeding the earnings limit. These were benefits they had earned through a lifetime of hard work in contributions to the Social Security system.

Finally, this penalty is most burdensome for those seniors who have to work and depend upon their income for survival. More well-to-do seniors gen-

erally supplement their Social Security benefits with what we refer to as "unearned income" from savings and investments, none of which is affected by the current earnings limit.

Earlier this month, in an overwhelming display of bipartisan cooperation, the House of Representatives voted unanimously to repeal this unfair penalty on our senior citizens. They voted to say no to discriminating against seniors and discouraging them from working. It is my hope the Senate will follow suit this week with another unanimous vote on this historic measure.

Our Nation's seniors should be free to work without penalty. Older workers have the skills, the wisdom, and the judgment that all employers value. Given our tight labor market and our historically low rate of personal savings, it simply does not make sense for Washington to discourage the most experienced workers we have from remaining in the workforce when they want to do so. I hope all of our colleagues will join me in passing this important legislation before the end of the week.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HUTCHINSON. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Ms. COLLINS). Without objection, it is so ordered.

Mr. HUTCHINSON. Madam President, I associate myself with the eloquent remarks of the Senator from Maine regarding the elimination of the Social Security earnings test.

I rise in support of the Senior Citizens Freedom to Work Act, H.R. 5. I am pleased the Senate is considering this legislation expeditiously and that the legislation reflects the intent of Senator ASHCROFT's bill, S. 2074, of which I am a cosponsor.

Arkansas is a State that has one of the highest percentages of senior citizens in the Nation. We traditionally are just behind Arizona and Florida—very high. When you look at the population of our State, there are about 2.6 million senior citizens.

But when you look at low-income or lower income senior citizens, we are easily at the top and by far the leading State as a percentage of our population that has senior citizens who are in economic deprivation or lower income. These are the individuals, as the Senator from Maine so eloquently said, who are most in need of equity in the way we treat their Social Security income.

Earlier today I had lunch with a doctor who is a dentist in Arkansas and has his practice in primarily a retirement population area. He was relating to me how many of his patients are now 65-plus, many 70, 75 years old, and

about the remarkable health that they enjoy today and the opportunity, from a physical standpoint, that they have to go out and be a part of our labor market. In being a part of that labor market, they can use the experience and the expertise they have gained through a lifetime in our society and contribute that to the economy of today.

I think this is long overdue. The law that we are proposing to change is truly a vestige of the 1930s. It begs for its elimination. Our Nation's working seniors deserve immediate relief from the earnings limit—a longstanding and outdated provision of law. Persons aged 65 to 69 are losing \$1 in program benefits for every \$3 they earn beyond \$17,000, creating a very clear and a very real disincentive to work at all.

According to the Social Security Administration, more than 800,000 seniors lose either part or all of their Social Security benefits because of the program's earnings limitation. That is almost one million working seniors. That is 12,755 people in the State of Arkansas whose lives will improve if we pass this legislation and the President signs it into law.

Since I was elected to Federal office on the House side a few years ago, I have witnessed a steady commitment among the Republican leadership to provide greater flexibility, training, and financial relief to our Nation's workforce. We have advocated legislation that would provide private sector workers with the choice of flexible weekly work schedules—a perk that has been enjoyed by all of us on the Federal payroll for over 20 years.

In 1998, we passed a comprehensive overhaul of America's job training laws, giving more funding and flexibility to States, municipalities, and businesses to provide essential job skills to its employees. More importantly, though, we have an impressive record for putting taxpayer money back into the pockets of those who need it most, the American people.

The legislation before us complements our leadership's commitment to giving advantages to the worker—in this case, our country's most seasoned and experienced employees.

This bill would end that longstanding practice of penalizing seniors for working—something that we ought to encourage; something we should commend. No different than providing tax relief to all working Americans, we want to help senior employees who choose to remain in the workforce.

I disagree with the notion that "you can't teach an old dog new tricks." In fact, we could learn a thing or two from our seniors. We could learn a lot from our seniors. That is why we are debating this bill.

This legislation would not just help our senior workers; it also benefits employers, too. President Lincoln said: "You cannot lift the wage earner by pulling down the wage payer." Social Security's antiquated barriers not only

penalize seniors who want to work but employers who want to hire them. Seniors are turning down employment opportunities that business owners need to fill in order to compete in the global economy.

America posts one of the lowest unemployment rates in four decades, making good, plentiful workers harder than ever to find. Employers and our most experienced employees stand to gain considerably from the passage of this legislation.

H.R. 5 passed the House of Representatives 422-0. I anticipate it will pass the Senate with a similar kind of margin with great success.

The bill's language has the support of a bipartisan coalition of Senators who advocate comprehensive Social Security reform—reform based on a continuation of existing benefits while ensuring the program's financial long-term solvency. In fact, H.R. 5 is part of many of the comprehensive reform packages introduced in the last 2 years. It has been included in a lot of the plans to totally reform Social Security. We all understand that if left unchanged, the future of Social Security is in jeopardy as the program begins running deficits in about 2013 when 71 million of my fellow baby boomers begin collecting their retirement benefits. We know the number of retirees will double between 2008 and 2018, narrowing the ratio of workers to beneficiaries to less than 3 to 1. When Social Security first started, there were 45 people working to take care of 1 retiree. In 1950, there were 16 workers working for every beneficiary. We all know that all trust funds will be completely exhausted in the next 30 years when the beneficiaries far outnumber the working contributors.

I remember back in December 1998, when the President hosted the White House Conference on Social Security, Members of Congress were asked to participate and share their ideas, with the common understanding that restoring the program's financial solvency was not only necessary but imminent. The Speaker and the majority leader reserved the first bill in the House and Senate for the President's legislation. It was to be accompanied by several bipartisan bills offered by our colleagues. Although several bipartisan bills were introduced by Members of this body, H.R. 1 and S. 1 remain vacant.

Although H.R. 5 represents an important step toward equitable reform, it definitely sets aside provisions that would address the future financial stability of this vital program. We must not allow the passage of this legislation to be the "last rites" of Social Security reform. Frankly, I am disappointed by the President's lack of participation in this important debate.

The next step after passing H.R. 5 should be to lock up the Social Security surplus. Not only do our working and retired seniors need penalty relief, they deserve assurances that their future benefit checks are not being spent

on other Federal programs, no matter how good those other programs may be.

The very reason Social Security has a solvency problem is that it is a federally administered program that has IOUs disguised as trust funds. Our Nation's seniors deserve a program that delivers long term and is based on real money. I am confident that passage of H.R. 5 will open the door for more bipartisan legislation that enhances the strength of the Social Security program.

In time, Presidential leadership will mean more than words and with it will bring forth reform that preserves the program's financial stability for our children and our children's children. I ask my colleagues to continue supporting that cause and join me in supporting H.R. 5.

I thank the Chair and yield the floor. The PRESIDING OFFICER. The Senator from Idaho is recognized.

Mr. CRAIG. Madam President, I am pleased to come to the floor this afternoon with my colleagues from Maine and Arkansas and others who are here to discuss the Senate's consideration of H.R. 5.

It is an interesting moment for me because when I first came to Congress in 1981, one of the first pieces of legislation I cosponsored was the elimination of the earnings limit test on those seniors who were taking Social Security and, as we know, limited in the amount of money they could earn at that point in time.

In 1983, the Congress decided, along with then Speaker of the House, Tip O'Neill, and President Ronald Reagan, that an entire reform of the Social Security system was necessary and that there should be a substantial tax increase to create solvency in the Social Security system. It seemed reasonable to me and my colleagues in the House at that moment; why should we not encourage those who were retiring and taking their Social Security benefits at age 62 or 65 to go on and earn an income beyond the Social Security benefit and pay into the system.

We were still caught in the Depression-era mentality that somehow you took an older person and shooed them away from the labor market by some kind of, what I called, perverse incentive; that is, we will tax you out of the labor market if you choose to be a productive citizen in it. As a result, we did not put the reform into Social Security in 1983 as we should have.

We know Social Security today is very solvent. It is solvent as a result of that 1983 initiative that was a bipartisan effort on the part of the House and the Senate.

The reform we are here to discuss today is one that was clearly debated at that time and denied, denied by a Congress that was still under the control of groups in this country that had dominated labor policy for years and believed that at age 65 you left the labor force and went into retirement

and some younger person took your slot. They had failed to recognize that economies expand and grow; if you treat an economy right, there is not only always need for new hires, but there is oftentimes a tremendous demand for the kind of knowledge, what I call institutional knowledge, that older workers bring to the workplace. Of course, we know that is very much the case today.

I guess my mother would probably have called me strong willed in my youth. That was a polite way of saying I was bullheaded. I would persist, if I could, until I won the issue in which I was interested.

Over the years, I and others of the House and the Senate have persisted. Every year, we went out and introduced the earnings limitation elimination. Every year, we were either defeated or the appropriate committees simply would not recognize it. That was through the 1980s and the early 1990s. Of course, as we know, the economy in large part has dramatically changed.

During that period of time, my father considered retiring from the farming and ranching business in his midsixties. He found it was of no value to do so because he would have denied himself a substantially larger income than he could have ever received from Social Security. So it wasn't until after age 72, when the earnings limitation did not apply, that my father and my parents, along with a good many other seniors in our country who were self-employed and who were clearly entitled to receive Social Security benefits, simply denied themselves the benefit because they couldn't afford to take it. They waited until much later in life to decide to retire or, as my dad said, slow down a little bit to 12-hour workdays instead of 18-hour workdays, which was quite typical of his generation in the labor force. Now, at age 84, he still thinks a 12-hour workday is a modest effort for any one individual to make in his or her contribution to society. I say that with a bit of jest, but it is very true of that workforce.

It was only at that time I think they recognized that my persistency, along with others of my colleagues in trying to eliminate the earnings requirement, was the right and appropriate thing to do.

So we were saying to seniors, age 65 through 69, they could only continue to earn up to a certain limit, \$17,000 a year, while receiving the full benefits of Social Security. But for every additional \$3 of earnings beyond that limit, the Government reduced their benefit by \$1—in other words, again, still penalizing them, still saying: We want you out of the workforce. Even if you are healthy, even if you are productive and can be a major contributor to the workforce, get out, if you want to receive the full benefits of the Social Security system that you had paid into all of your productive life and that you were certainly entitled to receive.

Well, as we have worked this issue over the last decade, one thing has changed. The President, for example, instead of expressing open opposition, is now saying this is a bill he will sign. As my colleagues from Arkansas and Maine have said the House, in almost a unanimous vote, declared their support for H.R. 5 in the last several weeks. I think the Senate will respond in kind this week.

I have set forth a lot of the reasons it is important. It is fundamentally important because it is fair. That is the No. 1 reason we ought to be doing it. It is fair for an individual who has paid into the system all of his or her productive life, at age 62 or 65, to gain those benefits and go on to continue to work if they wish.

Do we say to a young Federal employee who has vested his or herself in the retirement program of the Federal system and who chooses to step out and gain those benefits that they can't go on working? Do we say that to a military retiree? In fact, quite the opposite—we expect them to go on working.

Now, of course, as our seniors live longer and find out that some of their retirement benefits are simply not enough and they are outliving them, there is not just the accommodation of fairness to a senior in the workplace, there is the accommodation of necessity.

Many of our seniors find it necessary to work beyond age 65 to provide for themselves, to try to sustain the lifestyle they had when they were once full employees at a different period in their lives. So a combination of other forces is now working out there. I am proud that, as a Republican, I and many of my colleagues have worked over the last several years to change the character of the workplace, to recognize the flexibility that is necessary in a new and very different world from 1935, or 1945, or 1955, or 1965, or 1975, or even 1985.

We know that the workplace of the year 2000 is even different than the workplace of 1995. Now both spouses are working. Now we offer flexibility in kind. Now we allow people to stay home and work from their homes as major contributors in the workforce, and we offer flextime, and so forth. Yet we have said this up until now to a senior at the appropriate age of receiving full benefits from the Social Security system: If you go out and find a job, you can only earn up to a certain limitation and beyond that we will penalize you substantially until you are probably old enough not to want to work anymore, and then you can have the full benefits even if you do work.

Shame on us. Shame on a Congress and a Government that has held that policy as long as we have. Now, of course, as my colleague from Arkansas states, this is the longest sustained period of near full employment that our country has seen in decades. Now we need the senior in the workforce more

than ever, for all of the right kinds of reasons. As the House has spoken, I hope the Senate will speak in a unanimous vote and that we can send this to the President and say: Mr. President, the Congress of the United States is ready to knock down the decades-old law that no longer fits the American workforce or the American culture—if it ever did. And we have done this in a unanimous way.

That is the kind of expression I hope the Senate will make this week. The House has already spoken. I think that is probably due to my persistence, along with many colleagues over the past decade and a half; we have argued that this is something that is right and fair, in the first instance, and now is a combination of necessity, in the second instance, as the culture and economy of this country have changed significantly over the period of time in which this provision has been a part of the labor and Social Security laws of our country.

Madam President, I will proudly vote for H.R. 5 and encourage all of my colleagues to do the same.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HATCH. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

H.R. 5, SENIOR CITIZENS' FREEDOM TO WORK ACT

Mr. HATCH. Madam President, I rise today in strong support for H.R. 5, the Senior Citizens' Freedom to Work Act, which the Senate will begin considering tomorrow.

Seniors in my home State of Utah and around the nation have waited a long time for the relief H.R. 5 will bring. I am so pleased that not only did the House pass this bill on March 1 by a vote of 422 to 0, and the Senate is very likely to follow suit tomorrow, but also that the President has finally come around and has indicated he will sign the bill.

Under current law, over 800,000 Social Security recipients between the ages of 65 and 70 are affected by the so-called earnings limit. Over 6,100 of these live in Utah. This limit provides that senior citizens who this year earn more than \$17,000 in wages or self-employment income will lose some of their Social Security benefits. More specifically, for every \$3 earned over the \$17,000 threshold, \$1 in benefits is lost. The bill we will take up tomorrow will remove this unfair limitation.

There are at least five reasons why H.R. 5 should be passed by this body with a resounding margin so this oppressive limitation, which holds back senior citizens to the detriment of everybody in this country, can be lifted.

First, the earnings limit is plainly unfair to senior citizens. What kind of

a message does the current law send to a worker turning age 65, Mr. President, when he or she learns that there will be a 33 percent penalty for continuing to work once his or her earnings exceed \$17,000?

Yet, at the same time, senior citizens who are fortunate enough to have interest, dividend, or capital gains income from stocks, bonds, or mutual funds, or income from a private pension, are not penalized, no matter how much of these kinds of income they receive. Even if the earnings limit otherwise had merit, which it doesn't, it punishes the very people who most need to work to make ends meet.

Second, the earnings limit is outdated. The limit was a feature of the original Social Security Act in 1935. It was included to encourage seniors to retire so their jobs would be available to the millions of younger workers who were unemployed in the difficult job market of the Great Depression. That was a different era. What was appropriate in 1935 is clearly not appropriate in 2000, when it is workers, not jobs, that are scarce.

Third, the earnings limit places extremely high marginal tax rates on workers between the ages of 65 and 70 who continue to work. Consider the example of a 66-year-old plumber I will call Howard. Along with his son, Howard has run a small plumbing business in Ogden, UT, for over 20 years. Now that he is over 65, Howard has decided to turn the management of the business over to his son. However, Howard still wants to work, and because of an aged mother whom he takes care of, he still needs some income. Howard works three days a week and earns \$35,000 per year.

Believe it or not, when the earnings limit penalty of 33 percent is combined with the income tax rate of 28 percent, the self-employment tax rate of 15.3 percent, and the effect of taxing his Social Security benefits at 85 percent, Howard faces a marginal tax bracket of 88.8 percent, not counting the Utah income tax. This high a marginal tax rate is unconscionable and indefensible any way you look at it.

Fourth, the earnings limit is terrible for our economy. The biggest problem our economy faces right now is a severe shortage of workers. This is especially true in the high technology fields, where our shortages are so severe that we must increase the number of H-1B visas allowed this year so our high tech firms can stay competitive.

However, turning to overseas workers is only a temporary solution. We need a long-term answer to this problem, which is only going to be exacerbated by current demographic trends, and the retirement of the baby boom generation. Our senior citizens are a wonderful resource that is not being tapped enough. Only 17 percent of males over age 65 are now working, compared with 47 percent in 1948. These workers are experienced, and in many cases, they want to keep working. In